

# GROUP CHAIRMAN'S REVIEW



Digital technology is advancing at a rapid pace with innovative apps and software out-pacing hardware which in turn catch up to ably support the new innovative applications, becoming a never-ending speedy cycle where Digital Disruption is the order of the day. Telecommunications service providers must “unlearn” the traditional telco business models and transform and adapt to this rapid change in order to survive, let alone sustain and grow.

SLT, as the incumbent operator in Sri Lanka with a legacy spanning over 160 years and still encompassed with traditional layouts and procedures faces a real challenge in taking on a transformation of this scale. The usage of smart devices continues to rise and brings with it a new kind of customer who demands the latest, the fastest, the best; telecom operators are compelled to expand their focus from traditional telco services onto next-generation digital services. SLT has had to revamp and transform itself to face these challenges and convert these threats into opportunities.

With Vision 2022, SLT embarked on a five-year journey to tackle the challenges of this new era while balancing our social responsibility with business opportunities in a sustainable manner. By carefully understanding the national socio-economic requirements and clearly communicating our Vision to our stakeholders, we have left no space for surprises as we go through a cultural change to transform from a communications service provider to a digital services provider.

As the only operator in Sri Lanka in whom the Government has a stake, our strategies are closely aligned to that of the National Policy, digitally empowering the citizens, to make Sri Lanka the Digital Hub in this region. By working closely with the Ministry of Telecommunication and Digital Infrastructure and other ministries, TRC and ICTA, we fulfil our social responsibility by taking leadership in establishing key infrastructure development projects to connect schools, government offices, post offices, hospitals, and other key institutions, and create further value for all stakeholders by establishing key national platforms such as the Lanka Government Network.

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During the period under review, SLT undertook some initiatives I wish to highlight:

- In line with the National ICT Policy, SLT accelerated the Fibre to The Home (FTTH) initiative along with expanding 4G LTE and ADSL coverage. A robust digital infrastructure for the country will have a positive impact on the Sri Lankan economy; studies have identified broadband speed and penetration as drivers of country's Gross Domestic Product (GDP).
- SLT connected 850 Government institutions island-wide with high-speed fibre connectivity under the Lanka Government Network (LGN 2.0) initiative in just six months. This initiative will contribute greatly to the Nation and the economy by increasing convenience and efficiency.

- We launched the Tier III National Data Centre in Pitipana, Homagama in January 2018. This data centre and four other data centres are connected through our national fibre optic backbone to the world via the state-of-the-art SEA-ME-WE 5 submarine cable landed in Matara.
- The Galle Submarine Cable Depot was declared ready for service in November 2018. The joint venture with Indian Ocean Cable Ship Private Limited will serve to dramatically reduce service restoration times during cable failures and thus improve Sri Lanka's international connectivity.

These strategic investments are a fundamental part of SLT's efforts to transform Sri Lanka into a regional digital hub and our global network strategy, which aligns with the National Vision. These investments are also vital to the sustainability of SLT's business. Increasing the reach, speed and reliability of the fibre network will help to expand our customer base, while value added services such as Internet Protocol Television (IPTV), Over-The-Top services (OTT), and Internet of Things (IoT) will serve to be a key enabler of the digital lifestyles of our customers, thus increasing customer retention.

As always, challenges exist and 2018 carried its fair share.

As a fixed line operator, SLT faced higher operational costs than most cellular operators. Challenging economic conditions and political instability have played their hand in stacking what are already very challenging odds for SLT. The weaker currency posed challenges on how the Group invests in infrastructure at this crucial nexus, where new technologies will bring in new opportunities and economic

benefits, which can be harnessed only through timely intervention, through continued investment. The cellular tower levy that took effect in January 2019 adds yet to our list of challenges. Nevertheless, SLT continued to play its part in developing the Nation and contributed LKR 30.0 Bn. in dividend, taxes and levies to the Government of Sri Lanka in 2018.

As we head into 2019, I would like to express my sincere gratitude to our customers for their patronage, our employees for their tireless dedication and their contribution to our collective goals, and our shareholders for their support and faith in our endeavours to add value to their investments. Finally, I would like to thank the Government of Sri Lanka, Ministry and regulatory agencies for overseeing the continued development of the ICT industry in the country and look forward to more open dialogues on how we can work together to achieve common goals for mutually assured benefits for all our stakeholders and the Nation as a whole.

P G Kumarasinghe Sirisena

*Group Chairman*

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